

From: POLITICO Pro Energy
To: megan_bloomgren@ios.doi.gov
Subject: Morning Energy: Sharp grilling expected for Bernhardt today — Simpson signals CR likely — Carper slams Pruitt for inadequate letter response
Date: Thursday, May 18, 2017 4:47:36 AM

By Anthony Adragna | 05/18/2017 05:42 AM EDT

With help from Nick Juliano and Darius Dixon

YOU'RE UP, BERNHARDT: Expect Democrats on the Senate Energy and Natural Resources Committee to pepper President Donald Trump's selection for the number two position at Interior, Dave Bernhardt, with questions about how he'll juggle conflicts of interests stemming from his work as an energy and water policy lobbyist when his confirmation hearing gavel in today, Pro's Ben Lefebvre and Esther Whieldon [report](#). "He's spent most of his time representing oil companies and folks who have everything but the environment as a priority," Sen. [Tammy Duckworth](#) said. Bernhardt is also expected to face scrutiny over a series of scandals at Interior during his previous stint as its chief of staff and solicitor during the George W. Bush administration. It's worth noting that despite Trump's promise to "drain the swamp" of industry influence and money, Bernhardt, whose lobbying clients included Freeport LNG and the Westlands Water District, is the latest to come right from K Street.

Republicans and energy groups are thrilled with the pick. "David is an excellent choice," said Kathleen Sgamma, spokeswoman for trade association Western Energy Alliance. "His range of experience makes him very well suited for the job." And though they acknowledge Bernhardt's previous work at Interior is likely to prompt fierce questioning from Democrats today, backers aren't worried about anything ultimately derailing his nomination. "They won't find any 'there' there," an industry source who worked closely with Bernhardt said.

If you're going: The hearing kicks off at 10:15 a.m. in Dirksen 366. Sen. [Cory Gardner](#) will introduce Bernhardt.

CR-ISTMAS SEASON COMES EARLY: House Appropriations Energy and Water Chairman [Mike Simpson](#) thinks Congress is heading toward a yearlong stopgap spending bill for fiscal 2018, thanks to the Trump administration's proposal to make deep cuts to the federal government and the slow deliberation on spending levels for next year. "It's gonna be a very difficult year. And that's why I think — and the rest of the appropriators, and the chairman will probably kill me — we're into a CR for 2018," Simpson said.

Trump's "skinny" budget from March proposed eliminating several Energy Department programs, such as ARPA-E and the loan office, while suggesting big cuts to large divisions devoted to renewable energy and nuclear research. Anything similar in the fuller version expected out next week likely isn't going anywhere in the House, Simpson said. "If they're going to try to deal with the numbers — as the Trump budget dictates — we can't pass those," he told reporters, pointing to steep cuts to DOE science and energy programs. Pro Budget & Appropriations Brief's Sarah Ferris has more on the forthcoming spending fight [here](#).

WELCOME TO THURSDAY! I'm your host Anthony Adragna, and DOE's Diane Meck correctly picked Hawaii and Arizona as the two states that don't follow daylight savings time. For today: What U.S. city is home to the only McDonald's arches painted turquoise? Send

your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](#), [@Morning_Energy](#), and [@POLITICOPro](#).

CARPER PUSHES PRUITT AFTER NONRESPONSIVE LETTER: Top Senate EPW Democrat [Tom Carper](#) renewed his push for information from EPA Administrator Scott Pruitt on how he'd dismantle the Clean Power Plan and implement a replacement after receiving inadequate responses. "Because your letter does not respond to our requests for information and documents, I ask you again to respond in full so that Congress can perform its oversight responsibilities," he wrote in [the Wednesday letter](#). That came after Pruitt's [initial response](#) to the April letter from nearly two dozen Senate Democrats included little more than copies of two press releases and a publicly available letter. More from your ME host on that first EPA response [here](#).

Pruitt speaks publicly: Pruitt delivers public remarks tonight from 5-7 p.m. at The Hoover Institution. His speech will focus on "his vision for the EPA, Congress and federalism," according to the group.

ME FIRST — SENATE REPUBLICANS FOR ENERGY RESEARCH: Six Senate Republicans — [Lamar Alexander](#), [Susan Collins](#), [Cory Gardner](#), [Lindsey Graham](#), [Lisa Murkowski](#) and [Mike Rounds](#) — are sending [a letter](#) to Trump this morning urging him to continue to fund energy research programs at DOE. "Governing is about setting priorities, and the federal debt is not the result of Congress overspending on science and energy research each year," they write.

ENERGY TALK ON 'PUTIN PAYS' CALL: House Republican leaders were discussing Russian interference in Ukrainian energy markets, among other topics, in the moments before House Majority Leader [Kevin McCarthy](#) aired his theory — in jest, he now says — that Trump was on Vladimir Putin's payroll. That's according to a partial [transcript](#) of the June 15, 2016 conversation behind Wednesday's Washington Post [scoop](#).

House Speaker [Paul Ryan](#) was recounting a meeting earlier that day with Ukrainian Prime Minister Volodymyr Groysman. Ryan said the prime minister listed "messaging with our oil and gas energy" among the many ills Russia had inflicted on Ukraine and would spread elsewhere. As the discussion continued, Rep. [Cathy McMorris Rodgers](#) noted the sophistication of Russian propaganda. "Not just in Ukraine," said McMorris Rodgers, the fourth-ranking GOP leader. "They were once funding the NGOs in Europe. They attacked fracking."

BISHOP WORRIED ABOUT TRUMP CRISES: House Natural Resources Chairman [Rob Bishop](#) told reporters Wednesday the flurry of allegations about Trump leaking classified information to the Russians and asking the FBI to drop its investigation into former national security adviser Michael Flynn could impede his ability to move his agenda. "That has the potential of sucking the air out," he said.

Praise for Zinke's trip: Bishop lauded Interior Secretary Ryan Zinke for going "above the call of duty" in visiting the site of the contentious Bears Ears National Monument last week in Utah. "All he was required by the executive order was just to review the process," he said. "He actually went there and talked to local officials for the first time." (The only downside of the visit, Bishop said, was a bag carrying his hiking equipment never made it, so he had to hike in dress shoes.) There are no current plans to have Zinke testify on the administration's review of dozens of Antiquities Act designations.

Still anxious over vacancies: Bishop expressed relief some Interior vacancies were finally being filled, but said Zinke indicated the White House ethics office was responsible for the slow pace. "He wants to have more people done quickly and I think he's frustrated with the slow pace as well. I don't blame him. I would be as well," he said.

NO GREEN GROUP MEETINGS FOR ZINKE: Over his first several months in office, Zinke met with the fossil fuel industry, water and sportsman groups and tribal leaders, but did not break bread with environmental groups, Pro's Esther Whieldon and Annie Snider [report](#). Among the most notable meetings was one April 4 discussing the BLM's methane venting and flaring rule with more than a dozen CEOs and others from the Domestic Energy Producers Alliance, including Continental Resource's Harold Hamm. Other energy executives Zinke met with include Exxon Mobil's Darren Woods and Dominion Energy's Thomas Farrell.

MAIL CALL! COMPANY RESPONDS TO ROVER SPILL! Energy Transfer Partners sent its [own letter](#) to FERC outlining its response to the inadvertent release of drilling mud from the Rover Pipeline, affirming it did not take the incident lightly and pledging to work with local officials to "enhance and use best management practices to try and prevent future inadvertent returns from occurring" as the pipeline is finished. The spill of some two million gallons of drilling fluid into an Ohio wetland prompted FERC to halt some drilling activities along the route, though the company said all impacted areas were isolated and contained within hours of the release.

GRASSLEY CRIES FOUL OVER DOE GRID STUDY: Iowa Sen. [Chuck Grassley](#) wants to know whether Energy Secretary Rick Perry's ongoing grid study is predisposed to undermine wind power, Pro's Eric Wolff [reports](#). "I'm concerned that a hastily developed study, which appears to pre-determine that variable, renewable sources such as wind have undermined grid reliability, will not be viewed as credible, relevant or worthy of valuable taxpayer resources," he wrote in a [letter](#) sent Wednesday.

SENATORS URGE STRONG LWCF FUNDING: A bipartisan group of 48 senators sent [a letter](#) Wednesday to appropriators urging strong funding for the Land and Water Conservation Fund as fiscal 2018 negotiations begin. "The programs funded by the LWCF, including Forest Legacy, the state-side program, endangered species grants, and battlefield protection, provide a diverse array of conservation tools to address national, state, local and regionally driven priorities across the country," they wrote.

DEEPWATER VETS OPPOSE DRILLING ORDER: The leaders of a federal panel formed to find ways to improve offshore drilling policies in the wake of the BP oil spill are warning against Trump's executive order seeking to open up Atlantic and Arctic offshore drilling. "After extensive research and analysis of offshore oil and gas drilling operations in offshore waters, we hold the unanimous view that weakening safety rules, developing an overly aggressive leasing schedule, and putting vulnerable, ecologically rich and economically important frontier areas at risk is unwise," write former EPA Administrator William K. Reilly and former Sen. Bob Graham in a [letter](#) to Zinke released Wednesday by Oil Spill Commission Action. Graham and Reilly were co-chairs of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, which then-President Barack Obama established in 2010.

CHAMBER ENTERS RACE FOR ZINKE'S SEAT: Amid the ongoing White House turmoil, the U.S. Chamber of Commerce is pouring \$200,000 into a last-minute ad blitz backing Republican candidate Greg Gianforte in the race for Interior Secretary Ryan Zinke's

seat, POLITICO Alex Isenstadt [reports](#). The ads hit Montana airwaves today and run through the election on May 25.

REPORT: PUSHING THE CLEAN ENERGY ECONOMY: Congressional Democrats on the Joint Economic Committee are out with [the first](#) in a series of reports this morning arguing the clean energy sector can generate millions more jobs and pushing for Congress "to ensure that American companies and workers are the ones producing and exporting the technology and products that meet this demand."

QUOTABLE: Trump during his remarks at the Coast Guard Academy commencement speech: "I've loosened up the strangling environmental chains wrapped around our country and our economy, chains so tight that you couldn't do anything — that jobs were going down. We were losing business. We're loosening it up."

TOP FRENCH ENVIRONMENTAL POST FILLED: Newly elected French President Emmanuel Macron named environmentalist [Nicolas Hulot](#) energy and environment minister Wednesday, POLITICO Europe's Marion Solletty [reports](#). That move sent shares in EDF, the country's nuclear utility, down nearly 6.5 percent as Hulot called a nuclear phase-out "a priority" in the aftermath of Japan's Fukushima disaster. Macron supports a policy of cutting France's share of electricity produced by nuclear power to 50 percent.

QUICK HITS

- Kansas Researchers Say Climate Change Will Deteriorate Midwest Water Quality. [HPPR](#).
- Resolution Passes in Kalamazoo to Shut Down Pipeline. [AP](#).
- U.S. industry seeks faster permits, simpler rules in Trump regulation reset. [Reuters](#).
- Why Coal Still Has Clout in the Commonwealth. [WVTF](#).
- Fracking is encroaching on US nuclear missile sites, general says. [Washington Examiner](#).
- U.S. prepares to sue Fiat Chrysler over excess diesel emissions. [Automotive News](#).

HAPPENING TODAY

10:00 a.m. — House Natural Resources Committee [hearing](#) on water rights and western power, 1324 Longworth

10:00 a.m. — "[Building a 21st Century Infrastructure for America: Improving Water Quality through Integrated Planning](#)," House Transportation and Infrastructure Subcommittee on Water Resources and Environment, 2167 Rayburn

10:15 a.m. — [Hearing](#) on nomination of Bernhardt for deputy Interior secretary, Senate Energy and Natural Resources, Dirksen 366

5:00 p.m. — "[Returning to 'EPA Originalism': A conversation with EPA Administrator Scott Pruitt](#)," Hoover Institution, 1399 New York Avenue, NW, Suite 500

THAT'S ALL FOR ME!

To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/05/sharp-grilling-expected-for-bernhardt-today-022889>

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Democrats to pound Interior nominee for energy lobbying [Back](#)

By Ben Lefebvre and Esther Whieldon | 05/17/2017 06:35 PM EDT

President Donald Trump's nominee for the Interior Department's No. 2 spot, Dave Bernhardt, will face fire from Democrats on Thursday over his ties to the energy industry and the scandals that plagued the agency during his previous stint there.

Bernhardt is set to get grilled by the Senate Energy and Natural Resources Committee about how he plans to help steer the department in the role of deputy secretary. He's the latest nominee to the Trump administration to come straight out of the lobbying industry, despite the president's promise to "drain the swamp" of industry influence and money.

Bernhardt, a Colorado native, worked until his nomination as a lobbyist for Brownstein Hyatt Farber Schreck, representing Delta Petroleum, Freeport LNG, and other oil and mining companies, according to disclosure forms. While Democrats on the committee don't have the votes to stop him from winning approval, they said they do plan to use his background as ammunition in the process.

Ranking member [Maria Cantwell](#) (D-Ore.) and Sen. [Debbie Stabenow](#) (D-Mich.) both said they had concerns about Bernhardt's former job. Cantwell said she would push Bernhardt on how he planned to juggle those potential conflicts of interests, and whether he should keep himself out of key issues for longer than one year.

"Conflict of interest, a lot of issues related to that," Cantwell said, listing her concerns. "A lot of things he'll have to recuse himself on."

Sen. [Tammy Duckworth](#) (D-Ill.) said she was leaning toward a no vote on his nomination because of his lobbying ties, though she said Bernhardt had "pleasantly surprised" her by seeking an office visit. Her office did not schedule the meeting, according to Interior Department emails.

"He's spent most of his time representing oil companies and folks who have everything but the environment as a priority," Duckworth told POLITICO.

Still, Republicans who have been pressing for the U.S. to grow its oil and gas output are expected to back Bernhardt, though several GOP committee members declined to comment ahead of the hearing. Chairwoman [Lisa Murkowski](#) said in a prepared remark that she "welcomed" his nomination and looked forward to discussing with him the urgent need to increase energy production in her home state of Alaska.

Energy companies also applauded his nomination.

"David is an excellent choice," said Kathleen Sgamma, spokeswoman for trade association Western Energy Alliance. "His range of experience makes him very well suited for the job."

Besides energy companies, Bernhardt also lobbied for several major players in California's water wars, including Cadiz, Inc., a company vying to build a controversial pipeline pumping water from a fragile desert aquifer to southern California users.

If confirmed, Bernhardt would be poised to play a key role in implementing a deal he won for client Westlands Water District. He led Westlands' years-long efforts to strike an agreement between California House Republicans and Sen. [Dianne Feinstein](#) (D-Calif.) to relax endangered species protections in the Sacramento-San Joaquin Bay-Delta.

The final deal, which passed in the Senate's final act of business last December, enables the district to pump larger volumes of water to central and southern California farms and communities, a top priority for the water district that serves some of the Golden State's largest and most water-dependent growers.

Also likely to come up in hearings is Bernhardt's history working in a number of high-ranking Interior positions during the George W. Bush administration, including chief of staff as well as the department's solicitor, its chief legal watchdog.

That period was marked by a series of scandals at the department, including a deputy secretary going to jail for [offering inside information](#) to lobbyist Jack Abramoff.

The Bush Interior Department was also hit with several ethics complaints and at least three separate inspector general investigations into whether the department had inappropriate ties with the industry it was supposed to help regulate.

A Fish and Wildlife deputy assistant secretary was [investigated for](#) directing subordinates to alter documents to make them more friendly to industry, and, former Secretary Gale Norton was alleged to have [helped Shell win](#) Colorado oil leases before leaving the agency to work for the oil company.

And Bernhardt's time at Interior also coincided with the Minerals Management Service awarding contracts to businesses created by outgoing employees, as well as the [scandal around MMS employees](#) who engaged in drug use and had sexual relations with members of the industry they were overseeing.

An industry source who worked closely with Bernhardt said the previous stint at Interior may provide grist for Democrats on the committee but would not find any material that would derail the nomination.

"They won't find any 'there' there," the source said.

Environmental groups have pointed to Interior's record during Bernhardt's time as solicitor and said it bodes ill for what they would expect from the department under Trump.

In particular, Bernhardt's appointment would further signal that Interior intends to open up more public land to private industry, said Chris Saeger, executive director of the Western Values Project.

"The Bush Interior Department was a front group for oil and gas industry. This is not a good sign and is not consistent with what we've heard from Secretary [Ryan] Zinke," Saeger said of the nomination.

Annie Snider contributed to this report.

This report was updated with new information about the meeting with Duckworth's office.

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Simpson: Yearlong stopgap most likely for fiscal 2018 [Back](#)

By Sarah Ferris | 05/17/2017 04:28 PM EDT

Rep. [Mike Simpson](#) warned this afternoon that the GOP's fractious divide on spending levels will likely force Congress into a yearlong stopgap spending bill.

"The rest of the appropriators and chairmen will probably kill me, but, I think we're into a CR for 2018," the chairman of the House Appropriations Subcommittee on Energy and Water told reporters.

Simpson (R-Idaho) said infighting over President Donald Trump's proposed spending cuts could make it politically impossible for the GOP to find a path forward on fiscal 2018 appropriations bills, which are due in September.

"This is [OMB Director Mick] Mulvaney's budget," Simpson said. "Like I want to go home after voting against Meals on Wheels and say 'Oh it's a bad program, keeping seniors alive.'"

Simpson, whose bill is typically the first to land on the House floor, said he is already instructed his staff to start a list of potential add-ons to the current spending package in case it's extended this fall.

"The best thing we might be able to do for the agencies and their funding is actually do a CR for the full year," Simpson said.

Doubting his own fiscal 2018 bill will come to the floor, Simpson said he may not even hold hearings this year. Asked about calling on Cabinet members to testify, he put his hand to his ear to resemble a phone and said: "The hearings will be, 'Hey buddy, whadda ya think about that?'"

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Carper slams Pruitt over inadequate answers on climate plans [Back](#)

By Anthony Adragna | 05/17/2017 04:09 PM EDT

EPA Administrator Scott Pruitt responded to a letter from nearly two dozen Senate Democrats seeking details on his plans to review the Clean Power Plan with little more than copies of two

press releases and a publicly available letter, drawing a sharp rebuke from Sen. [Tom Carper](#).

"Either Mr. Pruitt mistakenly believes that forwarding past press releases is a sufficient response or he doesn't have a plan to protect Americans from greenhouse gas emissions," Carper, the top Democrat on the Environment and Public Works Committee, told POLITICO in a statement accompanying a copy of Pruitt's [response](#).

"The job of the EPA is to protect public health and the environment," Carper added. "To Mr. Pruitt, I say do your job."

In their original April 7 letter, 23 Senate Democrats asked Pruitt to explain how he'd go about dismantling the Clean Power Plan and what kind of rule he would put in its place, given the agency's obligation to regulate greenhouse gases. They also asked for copies of all documents "related to any decision you take in EPA's review or under the Executive Order with respect to the Clean Power Plan."

That letter further asked Pruitt for the scientific sources he used as the basis for his ([false](#)) conclusion during a March television appearance that carbon dioxide is not the primary driver of global warming. Pruitt's response included a paragraph explaining President Donald Trump's late March [executive order](#) and nothing more of substance.

WHAT'S NEXT: EPA is reviewing the Clean Power Plan to decide whether to suspend, revise or rescind the rule.

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Zinke's calendar shows meetings with fossil fuel, water, outdoor industry groups [Back](#)

By Esther Whieldon and Annie Snider | 05/17/2017 04:40 PM EDT

Interior Secretary Ryan Zinke met with the fossil fuel industry, water and sportsman groups and tribal leaders in his first two months in office — but no environmental groups.

According to Zinke's calendars for [March](#) and [April](#) posted online by the agency today, the secretary spent an hour on April 4 discussing the Bureau of Land Management's methane venting and flaring rule with more than a dozen CEOs and others from the Domestic Energy Producers Alliance, including Continental Resource's Harold Hamm.

Zinke met with a number of other energy executives over the two months, including Exxon Mobil's Darren Woods and Dominion Energy's Thomas Farrell.

Zinke also sat down with Navajo Nation officials including President Russell Begaye and Arizona Gov. Doug Ducey's chief of staff Kirk Adams on April 12, two weeks before President Donald Trump signed an executive order directing the Interior Department to review nearly two dozen national monuments including Bears Ears in Utah, which the Navajo nation wants left intact. Zinke met with Utah Gov. Gary Herbert and the Utah delegation in the Capitol on April 27, two days after Trump issued his order.

Zinke's calendar is also heavy with meetings on California water and endangered species — among the more technically complex and politically contentious issues in Interior's portfolio.

And the secretary discussed public lands and forest management issues with a number of associations, including the National Fish and Wildlife Foundation and the board of directors of the National Alliance of Forest Owners.

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Grassley presses Perry on DOE grid study [Back](#)

By Eric Wolff | 05/17/2017 04:52 PM EDT

Sen. [Chuck Grassley](#) (R-Iowa) is pressing Energy Secretary Rick Perry for answers about whether the agency's grid study is predisposed to undermine wind power.

"I understand you set a mid-June deadline for the study," Grassley wrote in a [letter](#) sent today. "I'm concerned that a hastily developed study, which appears to pre-determine that variable, renewable sources such as wind have undermined grid reliability, will not be viewed as credible, relevant or worthy of valuable taxpayer resources."

Grassley's letter raises several questions about Perry's study, including whether he has hired any contractors, is collaborating with FERC, NERC or other grid reliability organizations, or will submit a draft for public comment.

Grassley says that Perry [asked](#) for the study in April 19 with a deadline of June 18, but that a similar assessment conducted by the National Renewable Energy Lab took two years.

The grid-reliability study would focus on the evolution of wholesale electricity markets and whether wholesale energy and capacity markets are adequately paying baseload power sources like coal and natural gas plants. It will also look at how regulations might be pushing those plants into retirement.

Perry's home state of Texas is the No. 1 state for wind generation, followed by Iowa.

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Republicans pour late cash into Montana special election [Back](#)

By Alex Isenstadt | 05/17/2017 05:37 PM EDT

With the White House enveloped in crisis, a Republican-friendly group is rushing a last-minute \$200,000 ad buy onto the Montana airwaves ahead of next week's special congressional election.

The U.S. Chamber of Commerce will air TV commercials boosting Republican candidate Greg Gianforte. The spots will begin running on Thursday and will last through the election on May 25, one week later.

It's the first investment the Chamber has made in the race. Over \$8 million has been spent on the Montana special, most of it in support of Gianforte. Two conservative outside groups, the National Republican Congressional Committee and the Congressional Leadership Fund, have combined to spend around \$3.5 million to date.

Democratic groups, seeing the race for the conservative-leaning seat as a reach, have largely stayed out of the contest.

Gianforte, a technology executive, is facing off against Democrat Rob Quist, a folk singer and first-time candidate. The two are vying to replace Republican Ryan Zinke, who resigned from the seat earlier this year to become Secretary of the Interior.

Republicans remain confident they will hold onto the seat. But Gianforte has stumbled in recent weeks, giving conflicting answers about his support for the health care bill passed by House Republicans.






A GOP loss in a state President Donald Trump won by more than 20 points in 2016 would send shockwaves through the national political landscape, energizing Democrats and raising questions about Trump's impact on congressional Republicans.

Republicans, concerned about the race and looking to gin up turnout, have dispatched high-profile surrogates. Donald Trump Jr. and Vice President Mike Pence have stumped for Gianforte in recent weeks.

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